

March 5, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CONSENT TO TRANSFER FRANCHISE RIGHTS FOR EXISTING PETROLEUM
PIPELINES TO BREITBURN ENERGY COMPANY LLC, (ORD. NO. 82-0229F, AS
AMENDED BY ORD. NO. 89-0042F) AND RESOLUTION OF INTENTION TO GRANT
A 15-YEAR PETROLEUM PIPELINE FRANCHISE TO
BREITBURN ENERGY COMPANY LLC, ROSEWOOD UNINCORPORATED AREA
(SECOND) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the transfer of franchise rights for existing petroleum pipelines to BreitBurn Energy Company LLC.
2. Approve the attached Resolution of Intention to Grant a Petroleum Pipeline Franchise setting the matter for public hearing pursuant to Section 6232 of the State Public Utilities Code, and instructing the Executive Officer of the Board to arrange for public advertising.
3. Find this project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

- a. Adopt the attached Ordinance awarding a 15-year petroleum pipeline franchise to BreitBurn Energy Company LLC, becoming effective 30 days from adoption thereof.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommendation is to consolidate certain existing franchise rights previously conveyed through a series of transfers and mergers, and to award a new 15-year petroleum pipeline franchise to BreitBurn Energy Company LLC, a California Limited Liability Company, ("BreitBurn").

- By consent action and franchise amendment adopted in 1989, the Board granted consent to the transfer of franchise rights for certain existing petroleum pipelines from Petro-Lewis Corporation, ("Petro-Lewis") (Franchise Ord. No. 82-0182F) and West Rosecrans Gasoline Company, ("West Rosecrans") (Franchise Ord No. 82-0229F) to Santa Fe Energy Operating Partners LP ("Santa Fe Energy").
- The franchise rights for these existing petroleum pipelines were combined under the West Rosecrans Franchise, (Ord. No. 82-0229F, as amended by Ord. No. 89-0042F) and the Petro-Lewis franchise was repealed, (Ord. No. 82-0182F, repealed by Ord. No. 89-0041F).
- BreitBurn has acquired certain pipelines located in the Rosewood unincorporated area, through a series of transfers and mergers that require your Board's consent. Existing pipelines in the Athens unincorporated area are remaining under the Santa Fe Energy Franchise, (Ord. No. 82-0229F, amended by Ord. No. 89-0042F).
- The first transaction occurring prior to BreitBurn's acquisition was a December 1994 merger, where the Santa Fe Energy partnership merged into a new corporation, Santa Fe Energy Resources, Inc., ("Santa Fe Resources").
- The second of these transfers occurred in November 1996 when Santa Fe Resources conveyed certain oil and gas properties and interests, including these pipeline assets, to Monterey Resources, Inc. ("Monterey"). Subsequently, by a Certificate of Amendment filed with the State of California in March of 1998, Monterey changed its name to Texaco California, Inc., ("Texaco CA").
- BreitBurn acquired its interest in these oil and gas properties and existing pipelines on April 1, 1999, by various deeds of assignment and bill of sale from Texaco CA.

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Implementation of Strategic Plan Goals

- The Countywide Strategic Plan directs that we effectively manage the resources that we have and increase public/private partnerships (Goal 4, Strategies 1 and 3). The granting of this pipeline franchise is consistent with that goal.

FISCAL IMPACT/FINANCING

- BreitBurn has paid the County a one-time fee of Five Thousand Dollars (\$5,000) for granting the franchise. BreitBurn will also pay annual franchise fees in accordance with Section 16.54.050 of the Los Angeles County Code, for approximately 9,815 feet of existing 1 1/4 -inch to 10-inch active and idle pipelines. The amount of the base annual franchise fees, estimated at Two Thousand Dollars (\$2,000) shall be revised and adjusted annually for inflation using the Producers Price Index.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

- BreitBurn has applied to the County of Los Angeles for a 15-year petroleum pipeline franchise for existing pipelines installed in County roadways located in the Rosewood unincorporated area.
- BreitBurn has provided the duly executed instruments of transfer showing it acquired its interest in these pipelines from Texaco CA, by deeds of assignment and bill of sale on April 1, 1999. Texaco CA acquired title to these assets in a series of transfers from the Los Angeles County franchise holder of record, as noted above.

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- BreitBurn has agreed to operate the pipeline franchise in compliance with the County's Master Pipeline Franchise Ordinance, adopted by the Board in 1978.
- BreitBurn will provide evidence of a faithful performance bond in the amount of Fifty Thousand Dollars (\$50,000).
- BreitBurn will maintain and provide evidence of insurance including commercial general liability insurance in the amount of Five Million Dollars (\$5,000,000), automobile liability insurance in the amount of One Million Dollars (\$1,000,000), pollution liability insurance in the amount of Five Million Dollars (\$5,000,000), environmental impairment liability insurance in the amount of Five Million Dollars (\$5,000,000), and workers' compensation insurance in the amount of One Million Dollars (\$1,000,000), as described in the Ordinance granting the franchise, attached hereto as Exhibit "A".
- The Audit Division of the Auditor-Controller has reviewed the current financial condition of BreitBurn and has no objection to the granting of the pipeline franchise. The Fire Department and the Department of Public Works have reviewed the application and have no objections to the granting of the pipeline franchise.
- The attached Resolution of Intention, Analysis, and Ordinance have been approved as to form by County Counsel. The Executive Officer, Board of Supervisors, shall arrange for legal advertising of the public hearing to be published at least once within 15 days after adoption of the Resolution, in a newspaper of general circulation in the County of Los Angeles, pursuant to Section 6232 of the Public Utilities Code.

ENVIRONMENTAL DOCUMENTATION

- The BreitBurn franchise will be comprised of previously existing pipelines deemed to be categorically exempt under CEQA pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will not have any impact or adverse affect on current services.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send an approved copy to BreitBurn Energy Company LLC, 515 South Flower Street, Suite 4800, Los Angeles, CA 90071, Attn: Mr. Grant Rodges, and to forward conformed copies to the Office of the County Counsel, and the Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:RB

Attachments (1)

c: County Counsel
Auditor-Controller
Fire Department
Department of Public Works

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held by the Board of Supervisors regarding granting a petroleum pipeline franchise to BreitBurn Energy Company LLC, for pipelines located in the Rosewood unincorporated area.

Said hearing will be held on _____, in the Hearing Room of the Board of Supervisors, Room 381B, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue) Los Angeles, California 90012.

Maps showing the location of the franchise service area and copies of the ordinance to grant the franchise are on file at the Chief Administrative Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, and at the Executive Office, Board of Supervisors, 383 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012.

BreitBurn Energy Company LLC has agreed to comply with the County's Master Pipeline Franchise Ordinance adopted by the Board in 1978. The franchise will be for a period of fifteen (15) years. The applicant/franchisee will pay the County a Five Thousand Dollar (\$5,000) granting fee, and will pay an annual franchise fee based upon the length and internal diameter of the pipelines pursuant to the rates derived from Section 16.54.050 of the Los Angeles County Code.

Written comments may be sent to the Executive Office of the Board of Supervisors at the above address. If you do not understand this notice or need more information, please call (213) 974-4247.

Si no entiende esta noticia o si necesita mas informacion por favor llame al numero (213) 974-4247.

VIOLET VARONA-LUKENS
EXECUTIVE OFFICER-CLERK OF
THE BOARD OF SUPERVISORS

ANALYSIS

This ordinance grants a petroleum pipeline franchise to BreitBurn Energy Company LLC ("Franchisee") to collect, transport, and distribute petroleum and other products for a period of fifteen (15) years. This ordinance is being adopted in conjunction with the County's consent to the transfer of franchise rights for existing petroleum pipelines to Franchisee.

The annual base fee payable to the County by Franchisee will be determined according to a formula contained in Section 16.54.050 of the County's Master Pipeline Franchise Ordinance. Franchisee has paid a one-time granting fee of \$5,000.

LLOYD W. PELLMAN
County Counsel

By
LILLIAN D. SALINGER
Deputy County Counsel
Public Works Division

LDS:mh

12/04/01 (Requested)
12/27/01 (Revised)

ORDINANCE NO. _____

An ordinance granting a petroleum pipeline franchise to BreitBurn Energy Company LLC ("Franchisee"), for the collection, transportation, and distribution of petroleum and other products. This ordinance is being adopted in conjunction with the County's consent to the transfer of franchise rights for existing petroleum pipelines to Franchisee.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. A. The right, privilege, and franchise is granted to BreitBurn Energy Company LLC (hereinafter, "Franchisee"), its successors and assigns, for the period of fifteen (15) years, to lay, construct, maintain, operate, renew, repair, change the size of, and remove or abandon in place pipes and pipelines for the collection, transportation, and distribution of oil, petroleum, gas, gasoline, other hydrocarbon substances, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. 9601 et seq., as it may hereafter be amended, the "Federal Water Pollution Control Act," 33 U.S.C. 1251 et seq., as it may hereafter be amended, and the "Solid Waste Disposal Act," 42 U.S.C. 6901 et seq., as it may hereafter be amended, together with all manholes, valves, cathodic protection systems, appurtenances, and connections

necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wire, cables, and other appurtenances and equipment for telegraph or

telephone lines, necessary or appropriate for the Franchisee's business, in under, along, or across any and all highways now or hereafter dedicated to public use within the following described service area in the unincorporated territory of the County of Los Angeles (hereinafter, "county"), State of California, and depicted on the map attached hereto as Exhibit "A":

Rosewood Unincorporated Area: (Maps 1, 2, and 3 of Exhibit "A")

Beginning at the intersection of the northerly boundary of El Segundo Boulevard and the westerly boundary of Figueroa Street; thence easterly along the northerly boundary of El Segundo Boulevard to the easterly boundary of Central Avenue; thence southerly along the easterly boundary of Central Avenue to the southerly boundary of Alondra Boulevard; thence westerly along the southerly boundary of Alondra Boulevard to the westerly boundary of Figueroa Street; thence northerly along the westerly boundary of Figueroa Street to the point of beginning, as same streets and highways existed on April 1, 1999.

B. The scope of the franchise shall not be expanded without the prior approval of the Board of Supervisors (hereinafter, "Board").

SECTION 2. A. As consideration for the franchise granted, Franchisee shall pay a one-time granting fee of five thousand dollars (\$5,000).

B. As additional consideration for the franchise granted, Franchisee shall pay annually, within sixty (60) days after the end of each calendar year, during the

life of the franchise, including the year of granting the franchise, to the county, in lawful money of the United States, a "base annual fee" computed as follows:

1. For pipe of eight (8) inches or less in nominal internal diameter, the annual fee shall be twenty-one (21) cents per linear foot.
2. For pipe greater than eight (8) inches in nominal internal diameter, the annual fee shall be twenty-one (21) cents per linear foot for the first eight (8) inches of nominal internal diameter plus three (3) cents per nominal diameter inch for each inch or fraction thereof over eight (8) inches.
3. The amount of the base annual fee is to be revised every year from the effective date of the ordinance granting the franchise, at the time of payment in accordance with the following formula:
 - (a) The Producer Price Index (1982 = 100) For "All Commodities," established by the United States Bureau of Labor Statistics, Department of Labor (hereinafter, "Bureau"), shall be defined as the "index," and such index as it stands on the date the franchise is granted shall be defined as the "base index."
 - (b) If the index for the last calendar month ending prior to the month in which payment to the county is due differs from the base index, then the rate of payment to the county shall vary from the "base annual fee" in direct proportion as the index differs from the base index, as hereinabove defined; provided, however, that in no event shall the amount of the annual payment ever be less than the "base annual

fee" as set forth herein. If the Bureau shall revise the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau.

(c) If the Bureau shall discontinue the use of 1982 = 100 as the base in its preparation of the index and if no transposition table prepared by the Bureau is available applicable to the year of 1982, then the amount of each annual payment shall be computed by reference to such other price index as may be chosen by the county, and the county shall be the sole judge of comparability of successive indices.

C. The Franchisee shall also pay:

1. The County Department of Public Works, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an initial construction charge calculated at a rate of one hundred dollars (\$100) per mile or fraction thereof for all new main lines laid during the preceding year.

2. The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of twenty-five dollars (\$25) per mile or portion thereof for main lines maintained under the franchise, and twenty-five dollars (\$25) per mile or portion thereof for aerial or above-ground lines or underground conduit for wire, cable, telephone, or telegraph lines maintained under the franchise.

D. The Franchisee shall also pay any application, administrative, and processing fees required in connection with this franchise. These fees may be charged

at the then-current applicable rates.

E. The County reserves the right to change its fees at five-year intervals from the effective date of this ordinance, if the Board determines, after a public hearing, that good cause exists for such change and such action is not in conflict with the laws of the State of California.

SECTION 3. Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the Chief Administrative Officer (hereinafter, "CAO"), Director of Real Estate within sixty (60) days after the end of each calendar year, or fractional calendar year ("franchise report period"), following the date of the granting of the franchise, one (1) copy to each of a report verified under oath by either Franchisee or a duly authorized representative of the Franchisee, showing, for the immediately preceding franchise report period, the length of main lines in highways, the nominal internal diameter of such main lines, the rate per foot per year, and the computation of the total amount of the franchise payment due to the county (or the pro rata amount thereof for the first period if less than one year), together with such data as is necessary in the opinion of the County Auditor-Controller to calculate or verify the calculation of the annual payments as required by Section 2.

B. In the report prepared pursuant to Section 3.A. above, Franchisee shall also show any change in franchise footage since the date of the franchise report period for the preceding calendar year, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place; including the diameter of such

main lines laid, removed, and/or abandoned in place, the footage of new conduit laid for wires, cables, telegraph or telephone lines, old conduit removed, old conduit abandoned in place; and the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines and conduit in territory annexed or incorporated during the preceding calendar year.

- C. File with the Director of the County Department of Public Works, within sixty (60) days after the end of each calendar year, a report, in duplicate, showing the permit number of each permit obtained for the installation of new main lines and conduits during the immediately preceding franchise report period, together with the length and size of said main lines and conduits.

SECTION 4. A. In the event Franchisee fails to make any of the payments provided for herein on or before the dates they are due, Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of said time of performance requirements.

- B. In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after the due date, interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the

ninety-first (91st) day after the due date.

SECTION 5. Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless county and its special districts, elected and appointed officers, employees, and agents ("county's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to: (1) Franchisee's operations or its services as provided by Franchisee, its employees, agents, servants, receivers, successors, or assignees ("Franchisee's agents") in connection with this franchise; and/or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the county and the county's agents from and against any and all pollution liability, contamination, or environmental degradation liability including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated

to indemnify for liability and expense arising from the active negligence of the county.

B. The county shall be immediately notified by Franchisee of all discharge, release, or escape of any oil or other substance from Franchisee's pipeline. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipeline, and to repair or restore Franchisee's pipelines and appurtenances shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or its employees, agents, contractors, subcontractors, or suppliers in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, county, or other applicable local government at Franchisee's sole cost and expense. If Franchisee fails to take any action required pursuant to this Section, county may, but shall not be obligated to, take all actions it deems appropriate with respect to the related substance at Franchisee's expense. Upon written demand by county, Franchisee shall reimburse county for all county expenses reasonably incurred in connection with county's above-described actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of county, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the county and shall be primary to and not contributing with any other insurance maintained by the county. Certificate(s), or other evidence of coverage, including certified copies of additional insured endorsement(s) and notice of cancellation endorsement(s), shall be delivered to the Chief Administrative Office, Real Estate Division, Attn: Franchise Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, on or before the effective date of this franchise. Such certified copies, certificate(s), or other evidence of coverage shall specifically identify this franchise and shall contain the express condition that the county is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, or cancellation of any program of insurance.

1. Liability: Such insurance shall be endorsed naming the county and the county's agents as additional insureds, and shall include:

(a) Commercial General Liability insurance written on a

commercial general liability form or on a comprehensive general liability form covering the hazards of premises/operations, owner's and contractor's protective insurance (during construction), fire legal liability coverage, and contractual, independent contractors, explosion, collapse, underground damage, advertising, products/completed operations, broad form property damage, and personal injury with a combined single limit of not less than five million dollars (\$5,000,000) per occurrence.

(i) If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

(ii) If written on a claims made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

(b) Comprehensive Auto Liability insurance endorsed for all owned, non-owned, and hired vehicles with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence.

(c) Pollution Liability insurance with no special limitations affecting the county and the county's agents. The limit for all coverages under this policy shall be no less than five million dollars (\$5,000,000) per occurrence. The county and the county's agents shall be added as additional insureds to the policy. The policy shall contain no provision that would make this policy excess over, contributory with, or

invalidated by the existence of any insurance, self-insurance, or other risk financing program maintained by the county. In the event the policy contains such an "other insurance" clause, the policy shall be modified by endorsement to show that it is primary for any claim arising out of obligations of Franchisee under this franchise.

(i) If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

(ii) If written on a claims made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

(d) Environmental
Impairment Liability insurance, which insures liability for environmental impairment including cleanup costs, and endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars (\$5,000,000) per occurrence.

(i) If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

(ii) If written on a claims made

form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and the Federal U.S. Longshoreman and Harbor Worker Compensation Act, including Employer's Liability with not less than a one million dollar (\$1,000,000) limit, covering all persons providing services on behalf of the Franchisee and all persons Franchisee is legally required to cover.

D. Franchisee shall furnish the CAO, at the location specified in subsection 5.C., within thirty (30) days of the adoption of this ordinance, either certified copies of the policies required by subsection 5.C. or a certificate of insurance for each of said policies executed by the company issuing the policy, certifying that the policy is in force.

E. 1. Within thirty (30) days of the adoption of this ordinance, Franchisee shall provide to the CAO, at the location specified in subsection 5.C., a faithful performance bond in the sum of not less than fifty thousand dollars (\$50,000), payable to the county and executed by a corporate surety acceptable to the county and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by Franchisee of the terms and conditions of the franchise and shall provide that, in case of any breach of any condition of this

franchise, the whole bond amount or any portion thereof, shall be deemed to be forfeited and shall be payable to the county by the principal and sureties of the bond. Throughout the term of this franchise, Franchisee shall maintain the bond in the amount specified herein. Within ten (10) business days after receipt of notice from the county that any amount has been withdrawn from the bond, as provided in this Section, Franchisee shall restore the bond to the amount specified herein.

2. The faithful performance bond shall continue in force for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of this franchise. The CAO may release said bond prior to the end of the one- (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the county may accept Certificates of Deposit, Cash Deposits, or U.S. Government Securities in lieu of commercial bonds to meet the above bonding requirements. Such alternative instruments shall be made payable to the county and shall be deposited with the County's Auditor-Controller and/or Treasurer-Tax Collector, as applicable.

F. The types and amounts of said insurance coverages and bonding shall be subject to review and adjustment by the county, at county's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the county, within thirty (30) days after written notice from the county.

G. Failure on the part of Franchisee to procure or maintain the required insurance and bonding shall constitute a material breach of the terms of this franchise upon which the county may immediately terminate or suspend this franchise.

H. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding.

SECTION 6. A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof, except with the written consent of the CAO and after payment of a transfer fee as detailed in subsection 6.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised. Consent shall not be required for involuntary transfers, as provided in Section 16.52.140(B) of the County Master Pipeline Franchise Ordinance.

B. Franchisee shall inform the CAO of any pending sale, transfer, assignment, lease, hypothecation, placing in trust, or change in control, except as excluded in subsection 6.E., and shall provide all documents requested by the CAO as set forth in subsection 6.F., on which the sale, transfer, assignment, lease, hypothecation, trust, or change in control is predicated. Upon receipt of preliminary approval from the CAO, Franchisee may proceed to consummate the transaction, subject to the provisions of

subsection 6.C.

C. Franchisee shall file with the CAO, within thirty (30) days of the effective date of any sale, transfer, assignment, lease, hypothecation, trust, or change in control, a certified copy of the duly executed instrument(s) which officially evidences such action. After reviewing the final transfer documents, the CAO may administratively approve the transfer of the franchise rights. Consent to any such transfer shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee is lacking in experience and/or financial ability to meet the franchise obligations. If such duly executed instrument(s) is not filed with the CAO within the thirty- (30) day period described above, or if the final documents are different from the preliminary documents, then upon expiration of said thirty- (30) days, the CAO may notify Franchisee and the proposed transferee that the transfer is not deemed to be in force and effect. The CAO may then administratively determine that the franchise is forfeited and the Board may, without notice, by ordinance repeal the franchise.

D. As a condition to the granting of consent to such sale, transfer, assignment, lease, hypothecation, placing in trust, or change in control, the Board may impose such additional terms and conditions upon the franchise and upon the proposed transferee which the CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to sell, transfer,

assign, lease, hypothecate, place in trust, or change control of the franchise or any part thereof, except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise, except as provided in Section 16.52.140(B) of the County Master Pipeline Franchise Ordinance for involuntary transfers.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein; however, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of or a twenty-five percent (25%) or more interest in Franchisee to any person or persons, corporation, partnership, or legal entity other than the controlling interest therein on the effective date of the franchise or the effective date of the last assignment, sale, transfer or other action which required the Board's or CAO's consent, consent thereof shall be required as otherwise provided in this Section 6, which consent shall not be unreasonably withheld.

F. The proposed transferee shall submit an application to the CAO which shall contain, but is not limited to:

1. An identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, limited liability company operating agreements) and the

names and addresses of any parent or subsidiary of the proposed transferee, or any other business entity owning or controlling the proposed transferee in part or in whole.

2. A current financial statement which has been audited by a certified public accountant demonstrating to the satisfaction of the CAO that the proposed transferee has the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years (if in existence for less than three (3) years, then for such period of existence), and statement of changes in financial position.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending action which will result in a change in control of the Franchisee.

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. A transfer fee shall be submitted with the proposed transferee's request for the county's consent to any action described in subsection 6.A., and shall be determined as follows:

1. Consent to sale, transfer, transfer of stock, assignment, lease, hypothecation, trust, or change in control or any other action not requiring

modification of the franchise by adoption of an amending ordinance: one thousand dollars (\$1,000).

2. Consent to sale, transfer, transfer of stock, assignment, lease, hypothecation, trust, or change in control or any other action requiring modification of

the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

3. In the event the costs to process the proposed transfer application exceed the fees detailed above, the proposed transferee may be required to pay any additional costs incurred by the county in processing the proposed transferee's request for consent to sale, transfer, transfer of stock, assignment, lease, hypothecation, trust, or change in control of the franchise. Such costs may include the costs incurred for hiring consultants to assist in evaluating the application. Such costs shall be paid by the proposed transferee prior to final consideration of the request by the CAO, or the Board, as applicable.

SECTION 7. In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Master Pipeline

Franchise Ordinance and Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the county, city, or other public entity for any and all additional costs or expenses incurred by the county, city, or other public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 8. In addition to the terms and conditions stated herein, this franchise is granted under all of the terms and conditions contained in the County Master Pipeline Franchise Ordinance, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Master Pipeline Franchise Ordinance, the terms and conditions hereof shall control.

[BreitburnPetPipelineFrnLSCOC]

RESOLUTION OF INTENTION TO GRANT A PETROLEUM PIPELINE FRANCHISE
TO BREITBURN ENERGY COMPANY LLC

BE IT RESOLVED by the Board of Supervisors of the
County of Los Angeles, State of California:

A. BreitBurn Energy Company LLC has applied to the Board of Supervisors of the County of Los Angeles for a franchise for a period of fifteen (15) years to lay, construct, maintain, operate, renew, repair, change the size of, and remove or abandon in place pipes and pipelines for the collection, transportation and distribution of oil, petroleum, gas, gasoline, other hydrocarbon substances, wet gas, industrial gas, chemicals, mud, steam, water, waste water and other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. 9601 et seq., as it may hereafter be amended, the "Federal Water Pollution Control Act," 33 U.S.C. 1251 et seq., as it may hereafter be amended, and the "Solid Waste Disposal Act," 42 U.S.C. 6901 et seq., as it may hereafter be amended, together with all manholes, valves, cathodic protection systems, appurtenances and connections necessary or appropriate for the operation of said pipes or pipelines, including poles,

conduits, wire, cables and other appurtenances and equipment for telegraph or telephone lines, necessary or appropriate for the Franchisee=s business in, under, along or across any and all highways now or hereafter dedicated to public use within the following described service area in the unincorporated territory of the County of Los Angeles, State of California:

Rosewood Unincorporated Area:

Beginning at the intersection of the northerly boundary of El Segundo Boulevard and the westerly boundary of Figueroa Street; thence easterly along the northerly boundary of El Segundo Boulevard to the easterly boundary of Central Avenue; thence southerly along the easterly boundary of Central Avenue to the southerly boundary of Alondra Boulevard; thence westerly along the southerly boundary of Alondra Boulevard to the westerly boundary of Figueroa Street; thence northerly along the westerly boundary of Figueroa Street to the point of beginning, as same streets and highways existed on April 1, 1999.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned.

C. The franchise is described in the Analysis and Ordinance attached hereto as Exhibit "A".

D. That on the day of _____, 2002, at the hour of _____ o'clock a.m. of said day, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, CA 90012, the Board of Supervisors shall hear objections from the public to the granting of the franchise hereinabove described.

E. The Executive Officer, Board of Supervisors, shall cause notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution in a newspaper of general circulation published in the County of Los Angeles.

The foregoing resolution was on the ____ day of _____, 2002,
adopted by the Board of Supervisors of the County of Los Angeles
and ex-officio the governing body of all other special assessment
and taxing districts, agencies and authorities for which said Board
so acts.

VIOLET VARONA-LUKENS

Executive Officer-Clerk of the

Board of Supervisors of the

County of Los Angeles

By _____

Deputy

APPROVED AS TO FORM

BY COUNTY COUNSEL

LLOYD W. PELLMAN

By _____

Deputy